Sioux Falls Events Center

NAMING RIGHTS
& SPONSORSHIP
MARKET ANALYSIS

June 20, 2011
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SECTION A

EXECUTIVE SUMMARY

Introduction
The City of Sioux Falls is planning to build an Events Center that would be an all-around multipurpose Event Facility. Its capacity of 12,000 seats could be used for a wide variety of concert venues, sporting events, graduations, banquets, and other flat floor space events.

The City of Sioux Falls contracted with The Superlative Group to research the concept of Title Sponsorship Naming Rights, Premium Sponsorship Rights and Suite Sales as a means of maximizing revenue. This initial report is a market value analysis of the potential annual rights and benefits garnered from the sale of the following four specific areas:

(a) The Events Center Title Sponsorship Naming Rights
(b) “Premium” Sponsorship Opportunities
(c) Luxury Suite Sales
(d) Additional Local Sponsorships

Key Findings & Revenue Potential
Through meetings with project stakeholders, market research and our considerable industry knowledge and expertise; we believe that a Title Sponsorship Naming Rights Program is feasible for the Sioux Falls Events Center. Based on the quantitative benefits analysis and market value benchmarking, the Title Sponsorship Naming Rights (i.e. “The Sioux Falls XXX Center”) are valued in the range of $350,000 to $500,000 per year. On the basis of a 20-year agreement, applying an industry standard 3% annual fee escalator, the value delivered to Sioux Falls from a Title Sponsorship Naming Rights agreement would be in the range of $9,400,000 to $13,405,000.

In addition to the above, through the sale of five additional “Premium” Sponsorship Packages priced in the range of $50,000-$175,000 each per year, relating to additional sponsorship opportunities
beyond the Title Sponsorship Naming Rights Program, throughout the complex, including Concourse Sponsorship Naming Rights, Atrium Naming Rights, Entrance and Exit Sponsorship Naming Rights, Banking and ATM Naming Rights, and additional interior signage locations, the Sioux Falls Event Center could realize additional income in the range of $250,000 - $625,000 more per year. Based on standard sponsorship agreements and subsequent renewals on a 20 year timeline and a 3% industry standard fee escalator, the value to Sioux Falls delivered from the sale of all possible Premium Sponsorship Opportunities would be in the range of $6,800,000 - $16,800,000.

Superlative also reviewed opportunities related to Suite Sales. The Sioux Falls Event Center, as currently designed, could support 15-18 suites at an income range of $25,000-$37,500 per suite, per year. For the purposes of consistency in this report, we have used a benchmark of twenty years. Given this, suite income related to the above over a twenty year period could range from $10,077,000 (15 suites sold at a rate of $25,000 per suite using an industry standard 3% escalator)- $18,145,000 (18 suites sold at a rate of $37,500 per suite using an industry standard 3% escalator).

The methodology used throughout this valuation has been stringent and realistic. Furthermore, Superlative’s sales team has both the knowledge and expertise to help the Sioux Falls Events Center secure the Title Sponsorship Naming Rights, the Premium Sponsorship, Suites, and other revenue opportunities from its Events Center. Once a baseline has been agreed to, a sponsorship sales process will involve crafting sponsorship partnership packages designed to meet the needs of each specific sponsor target utilizing the inventory available. Each package will be drafted to take into account the sponsorship needs of each prospective client (i.e. A soft drink pouring rights sponsorship package could be very different from a banking sponsorship package, as each sponsor will have specific and distinct needs which will be borne out in the initial sales process).

HISTORY OF CORPORATE SPONSORSHIP NAMING RIGHTS

Stadium Naming Rights in the US can be traced back to 1953 when the Anheuser-Busch Company tried to rename Sportsman's Park, home of the St. Louis Cardinals baseball team, the "Budweiser Stadium". Although rejected by the baseball authorities, an alternative “Busch Stadium” proposal
(named after one of the company’s founders) was readily approved and remained until the stadium closed in 2005.

In 1970-71, the New England Patriots sold the Naming Rights to their new Foxborough stadium to the Schaefer Brewery; and in 1973 the Buffalo Bills secured Rich Foods Inc as the Naming Rights Sponsor for their new stadium. As recent as 1990, no baseball stadium in the US bore a corporate name. However, by 2001, approximately half the baseball and NFL stadiums plus three quarters of basketball and hockey arenas had sold arena Naming Rights to corporate organizations (Leeds, Leeds & Pistolet, 2007).

The demand for such agreements within the corporate world is demonstrated by the fact that Naming Rights deals grew annually at a rate of 14.57% adjusted for inflation between 1988 and the end of the twentieth century (DeSchriver & Jensen, 2000). The record amount paid for sports arena-Naming Rights is jointly held by two New York arenas - Citi Field (opened in 2009) and Barclays Center (scheduled to open in 2011). Each garnered deals of $20 million per year for a minimum 20 years, totaling $400 million. Today, most US colleges and universities try to sell the rights to athletic facilities and other campus venues.

Public reaction to this practice, which has spread throughout the world, is often dependent upon the age of the venue/asset to be rebranded, and the local connections of the buyer. Naming Rights sold to new venues are largely accepted as a necessary source of funding for the rebuild, particularly when the buyer has strong local connections to the area. However, selling the Naming Rights to a long-established venue is more challenging, with both public and media tending to resort to the original stadium name.

NAMING RIGHTS & SPORTING/ENTERTAINMENT VENUES

Over the past decade, the most lucrative sponsorship deals have traditionally been negotiated within a professional sporting or entertainment context. Corporate partners have realized that they are also able to reach millions of attendees via Title Sponsorship Naming Rights deals for smaller venues such
as colleges and mid-level sports complexes. Those that have ventured into Title Sponsorship Naming Rights deals for their centers have found it to be financially beneficial.

A Title Sponsorship Naming Rights Partner for a multipurpose facility such as the Sioux Falls Events Center can benefit from greater awareness, wider reach, and better marketing via a Naming Rights deals, compared to traditional advertising. These types of venues attract large numbers of people each year depending on the size of the complex. In addition, millions of others are privy to the signage via impressions made while passing by on city streets and highways or through various national and local media outlets.

Table 1.1 to show the successful sale of Naming Rights Agreements within a stadium/arena context

<table>
<thead>
<tr>
<th>PURCHASE</th>
<th>SPONSOR</th>
<th>PRICE</th>
<th>START DATE</th>
<th>DURATION</th>
<th>OTHER BENEFITS / COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo Arena</td>
<td>Wells Fargo &amp; Co.</td>
<td>$11,500,000</td>
<td>2005</td>
<td>20 years</td>
<td>Its maximum seating capacity is 16,980.</td>
</tr>
<tr>
<td>AutoZone Park, Memphis, TN</td>
<td>AutoZone</td>
<td>$4,300,000</td>
<td>2000</td>
<td>25 years</td>
<td>Its seating capacity is 14,320.</td>
</tr>
<tr>
<td>Intrust Bank Arena, Wichita, KS</td>
<td>Intrust Bank</td>
<td>$14,750,000</td>
<td>2010</td>
<td>25 years</td>
<td>Its seating capacity is 15,000.</td>
</tr>
<tr>
<td>Bancorp South Center, Tupelo, MS</td>
<td>Bancorp South</td>
<td>$2,500,000</td>
<td>2006</td>
<td>12 years</td>
<td>Its seating capacity is 10,000.</td>
</tr>
<tr>
<td>Bi-Lo Center, Greenville, SC</td>
<td>Bi-Lo Corp</td>
<td>$3,000,000</td>
<td>1998</td>
<td>10 years</td>
<td>Its seating capacity is 14,897.</td>
</tr>
<tr>
<td>CenturyTel Center, Bossier City, LA</td>
<td>CenturyTel</td>
<td>$5,000,000</td>
<td>2000</td>
<td>10 years</td>
<td>Its seating capacity is 14,000.</td>
</tr>
<tr>
<td>iWireless Center, Moline, IL</td>
<td>iWireless</td>
<td>$4,250,000</td>
<td>1993</td>
<td>10 years</td>
<td>Its seating capacity is 12,000.</td>
</tr>
<tr>
<td>Tyson Events Center</td>
<td>Tyson Foods</td>
<td>$5,500,000</td>
<td>2003</td>
<td>20 years</td>
<td>Its seating capacity is 10,100.</td>
</tr>
<tr>
<td>Ford Center, Oklahoma City, OK</td>
<td>Area Ford dealers</td>
<td>$8,100,000</td>
<td>2002</td>
<td>15 years</td>
<td>Its seating capacity is 18,203.</td>
</tr>
<tr>
<td>Qwest Center Omaha</td>
<td>Qwest Communications</td>
<td>$14,000,000</td>
<td>2003</td>
<td>15 years</td>
<td>Its seating capacity is 18,300. Home of the Creighton University Basketball team.</td>
</tr>
</tbody>
</table>

All of the above arenas are similar in that they sold their Naming Rights in 10-25 year deals. They offer many sponsorship opportunities above and beyond the Title Sponsorship Naming Rights. Wells Fargo & Co bought the Naming Rights to the Iowa Events Center in 2005 at a price of $575,000 per year for 20 years. This arena has a seating capacity of 16,980 and has 36 luxury suites for sale. The luxury suites lease for either 5, 7 or 10 years with prices between $58,000 and $60,000 per year depending upon the contract. Qwest Communications bought the Naming Rights for the Qwest Center in Omaha in 2003 for $14,000,000 over 15 years. This arena has a seating capacity of 18,300 and has hosted a wide range of venues such as concerts, family shows, tennis, basketball, hockey,
rodeos, motocross, circuses, and volleyball events. The Qwest Center also offers 32 luxury suites and 1,000 club seats.

VALUATION MEASUREMENT STRATEGIES

Given the growth of Title Sponsorship Naming Rights deals in both sporting and non-sporting contexts, one would assume that an objective means of valuing Title Sponsorship Naming Rights deals has been developed. However, Ashley & O'Hara (2001) have argued that the establishment of an objective method to value Title Sponsorship Naming Rights is fraught with difficulties. This is because many of the benefits associated with Title Sponsorship Naming Rights deal, such as public image, do not have a physical presence and are therefore intangible. Heterogeneous by nature, Title Sponsorship Naming Rights agreements frequently differ in terms of duration, breadth of benefits available, reach and value. Title Sponsorship Naming Rights valuations also rely upon an ability to predict present and future benefits, quantified in present-day dollars, which is highly subjective.

In 2000, Dean Bonham, founder of The Bonham Group, a then market leader in Title Sponsorship Naming Rights deals, told The Detroit News that his methodology was “part art, part science” but refused to elucidate further for commercial reasons. He did, however, confirm that he focused primarily upon the number and quality of impressions.

Smith & Parr (2000) identify three approaches to calculate Naming Rights valuations. These are:

- The Cost Method
- The Income Method
- The Market Method

As per Bonham’s comment above, ad impressions lie at the heart of all three methods. This refers to the number of times a specific image or message is delivered to a group of people.

The Cost Method is a time-sensitive calculation of the amount of money that must be spent to replicate by some other means the exact bundle of benefits available through a Title Sponsorship
Naming Rights deal. This approach suggests that Title Sponsorship Naming Rights deals can be divided into specific and separate benefits, and that a summation of their cost of purchase external to the Title Sponsorship Naming Rights Agreement will help both buyer and seller arrive at a mutually acceptable valuation. However, there are four problems with this method:

(a) Many of the replicated benefits will occur in the future, but individual forecasts about the present day value of future costs or revenue cash flows are subjective and can vary widely.

(b) No allowance or dispensation is made for the uncertainty of the future.

(c) The Cost Method always treats the impact of impressions in the same way, regardless of their source. It does not address the variable impact of impressions from different media. To overcome this problem, conversion ratios could be proposed, but how does one control for and identify the number of actual variables involved?

(d) How can one account for the duplication of impressions resulting from a Title Sponsorship Naming Rights deal? The number of impressions generated is almost always higher than the total number of people reached because a percentage of individuals will receive multiple impressions.

The Income Method compares the projected nominal income (present and future) expected to be earned from a Title Sponsorship Naming Rights deal with the economic life or length of time that the intangible assets can expect to command at a given price. An internal rate of return is then calculated to analyze the impact of alternative future scenarios upon the level and value of benefits accrued by the buyer. Hence, this approach deals somewhat better with the uncertainty of the future, but remains as susceptible as the Cost Method to subjective forecasting plus the problems of value and duplication of impressions.

The Market Method assumes that a Title Sponsorship Naming Rights proposition can be valued by reference to similar transactions of Title Sponsorship Naming Rights bundles within equivalent sets of local area demographic characteristics, comparable points in time and equivalent features. Describing this as the most common approach to Title Sponsorship Naming Rights valuations, Ashley and O’Hare acknowledge that the heterogeneous nature of Title Sponsorship Naming Rights deals immediately calls into question the search for similar transactions. However, they conclude that this
is an easier means of valuing Title Sponsorship Naming Rights deals, as it makes fewer assumptions than the Cost and Income Methods. They also advocate making minor adjustments to deals for comparative purposes. For example, although Title Sponsorship Naming Rights deals can vary by duration and payment schedule, an estimate of average annual cost to the buyer is possible by dividing the total value of the deal with the duration. Another potential drawback, which Ashley and O’Hare appear to ignore, is how does one know that the earlier Title Sponsorship Naming Rights valuations themselves were accurate?

REPORT METHODOLOGY

Given the absence of a universally accepted means of valuing Title Sponsorship Naming Rights, the following method has been employed to value the Title Sponsorship Naming Rights for the Sioux Falls Events Center:

- An assessment of media exposure is initially undertaken, using media equivalents for comparable investments in the sponsor’s advertising portfolio.
- A quantitative evaluation of impressions is then provided for an extensive range of Title Sponsorship Naming Rights benefits and other sponsorship opportunities using conversion ratios drawn from previous valuation proposals to account for the type, quality and duplication of impressions.
- Each value is then benchmarked against comparable properties and sponsorships, thereby satisfying elements of the market value approach.

This report will provide a valuation for three specific areas. The first is for the Events Center Title Sponsorship Naming Rights deal, the second, for “Premium” Sponsorship Packages and the third related to Suite Sales.
SECTION B

SIOUX FALLS EVENTS CENTER VALUATION

Introduction
This section explores the valuation of a potential Title Sponsorship Naming Rights agreement for the Sioux Falls Events Center as a whole. This opportunity is the most profitable option from Sioux Falls perspective, offering potential partners the greatest coverage while simultaneously minimizing the impact of multiple and diverse logos/messages clashing with the Sioux Falls name.

Unless otherwise indicated, the calculations used within this section are based upon 2010 data.

Media Exposure
A media exposure valuation is shown in Table 2.1. Media exposure has been valued using the coverage value. The level of coverage has been estimated with reference to the 2010 coverage obtained by Superlative related to the Arena, Convention Center and the activities related to them. A 50% reduction has been applied to the total figure to account for waste, the cost of reaching a target audience; the quality of exposure received, and reduced rates offered by the media. The true value will increase over time with the securing of a Title Sponsorship Naming Rights Partner, Premium Sponsors, and any other newsworthy events that warrant media coverage on TV, radio or within print.
Table 2.1 to show media exposure value of a system-wide naming rights/sponsorship agreement for Sioux Falls

<table>
<thead>
<tr>
<th>Benefit Detail</th>
<th>Benefit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor ID Visible/Audible TV Broadcasts</td>
<td></td>
</tr>
<tr>
<td>Nightly Local News Broadcasts</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID Audible on Radio Broadcasts</td>
<td></td>
</tr>
<tr>
<td>General Mentions on Live Radio Broadcasts</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID Visible in Print Media</td>
<td></td>
</tr>
<tr>
<td>Sponsor Logo Visible or Text Mention in Newspapers &amp; Magazines</td>
<td></td>
</tr>
</tbody>
</table>

Face Value of Media Exposure Benefits $134,000

Quantitative Benefits

The Events Center Title Sponsorship Naming Rights Partner and Premium Sponsors will also benefit from a variety of sources other than media exposure. These can include sponsor signage exposure on and around the arena. Logos or advertisements can appear on directional signage and numerous other signage throughout the building itself as detailed in Table 2.2 below.

Table 2.2 to show the value of benefits available via a Title Sponsorship Naming Rights Agreement

<table>
<thead>
<tr>
<th>Benefit Detail</th>
<th>Benefit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor Signage Exposure</td>
<td></td>
</tr>
<tr>
<td>Sponsor Name Designation On the Outside of Arena</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Directional, Parking, and Interior Signage</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Tickets</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Scoreboard Signage</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Letterhead</td>
<td></td>
</tr>
<tr>
<td>Calendar of Events</td>
<td></td>
</tr>
<tr>
<td>Website Exposure</td>
<td></td>
</tr>
<tr>
<td>Sioux Falls Events Center Main Website</td>
<td></td>
</tr>
<tr>
<td>Team Websites</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td></td>
</tr>
</tbody>
</table>

Face Value of Sponsorship Benefits $433,449

If we add half the value of the media exposure in Table 2.1 to a 70%-100% percentage range of impressions from all the sources indicated in Table 2.2, this results in a total annual Title Sponsorship
Naming Rights valuation range between $350,000 to $500,000. However, to maximize the return on investment for both buyer and seller, it’s common practice to enter into longer-term agreements such as 20 years. On that basis, we estimate the total value of a Naming Rights deal for Sioux Falls to be in the range of approximately $9,400,000 to $13,405,000 over 20 years, incorporating an industry standard 3% annual fee escalator.

**Market Value Benchmarking**

To validate our Title Sponsorship Naming Rights valuation, we have benchmarked the figure against comparable multipurpose events center agreements, in line with the market value approach to valuing intangibles. Payment schedules for Title Sponsorship Naming Rights deals can vary significantly. However, for this benchmarking analysis, we have divided the total value by duration for each contract to arrive at an annual value.
Table 2.3 to benchmark the Sioux Falls Events Center valuation with similar arena deals

<table>
<thead>
<tr>
<th>PURCHASE</th>
<th>SPONSOR</th>
<th>PRICE/ANNUAL VALUE</th>
<th>START DATE</th>
<th>DURATION</th>
<th>SEATING CAPACITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrust Bank, Wichita, KS</td>
<td>Intrust Bank</td>
<td>$14,750,000/$590,000</td>
<td>2010</td>
<td>25</td>
<td>15,000</td>
</tr>
<tr>
<td>BOK Center: Tulsa, OK</td>
<td>Bank of Oklahoma</td>
<td>$11,000,000/$550,000</td>
<td>2008</td>
<td>20</td>
<td>19,100</td>
</tr>
<tr>
<td>Chukchansi Park: Fresno, CA</td>
<td>Chukchansi Gold Resort &amp; Casino</td>
<td>$16,000,000/$1,066,667</td>
<td>2002</td>
<td>15</td>
<td>12,500</td>
</tr>
<tr>
<td>Colonial Center: Columbia, S.C.</td>
<td>Colonial Life &amp; Accident Insurance</td>
<td>$5,500,000/$458,333</td>
<td>2001</td>
<td>12</td>
<td>18,000</td>
</tr>
<tr>
<td>Comcast Arena: Everett, WA</td>
<td>Comcast Corp.</td>
<td>$7,400,000/$740,000</td>
<td>2003</td>
<td>10</td>
<td>10,000</td>
</tr>
<tr>
<td>DCU Center: Worcester, MA</td>
<td>Digital Federal Credit Union</td>
<td>$9,600,000/$480,000</td>
<td>2011</td>
<td>20</td>
<td>14,800</td>
</tr>
<tr>
<td>Dunkin’ Donuts Arena: Providence, RI</td>
<td>Dunkin’ Donuts</td>
<td>$4,250,000/$425,000</td>
<td>2011</td>
<td>10</td>
<td>14,500</td>
</tr>
<tr>
<td>Pizza Hut Park: Frisco, TX</td>
<td>Pizza Hut</td>
<td>$25,000,000/$1,250,000</td>
<td>2005</td>
<td>20</td>
<td>21,193</td>
</tr>
<tr>
<td>Raley’s Field: Old Sacramento, CA</td>
<td>Raley’s Supermarkets</td>
<td>$15,000,000/$750,000</td>
<td>2000</td>
<td>20</td>
<td>14,014</td>
</tr>
<tr>
<td>Thomas M. Cooley Law School Stadium: Lansing, MI</td>
<td>Thomas M. Cooley Law School</td>
<td>$16,335,000/$1,485,000</td>
<td>1996</td>
<td>11</td>
<td>7,527</td>
</tr>
<tr>
<td>Alltel Arena: Little Rock, AR</td>
<td>Alltel</td>
<td>$7,000,000/$700,000</td>
<td>1999</td>
<td>10</td>
<td>18,000</td>
</tr>
<tr>
<td>Arco Arena: Sacramento, CA</td>
<td>Atlantic Richfield Co</td>
<td>$7,000,000/$700,000</td>
<td>1988</td>
<td>10</td>
<td>17,317</td>
</tr>
<tr>
<td>Allstate Arena, Rosemont, IL</td>
<td>Allstate Corp.</td>
<td>$11,000,000/$1,100,000</td>
<td>1980</td>
<td>10</td>
<td>18,500</td>
</tr>
<tr>
<td>Wells Fargo Arena</td>
<td>Wells Fargo &amp; Co.</td>
<td>$11,500,000/$575,000</td>
<td>2005</td>
<td>20</td>
<td>16,980.</td>
</tr>
</tbody>
</table>
SECTION C

SIOUX FALLS “PREMIUM” SPONSORSHIP AND SUITE SALE VALUATION

Introduction
This section explores the valuation of five “Premium” Sponsorship Agreements for all interior locations within the arena. “Premium” Sponsorship includes everything from interior and exterior sponsorship signage, entrance and exit sponsorship, concourse sponsorship, banking centers and ATM’s, Beer Gardens, Beverage Pouring Rights sponsorship, team specific schedules, scoreboard signage, calendar of events and arena/team marketing etc. These Premium Sponsorship Agreements will be packaged in numerous ways to create specific value for each sponsor’s intrinsic needs and the value placed on each component of the specific sponsorship.

Media Exposure
A media exposure valuation has been calculated for sponsorship opportunity agreements based on overall media exposure noted in Title Sponsorship Naming Right’s detailed above.

Quantitative Benefits – Premium Sponsorship Opportunities
A valuation was initially calculated for all “Premium” sponsorship opportunities within the Sioux Falls Events Center. This includes all of the following shown in Table 3.1.

<table>
<thead>
<tr>
<th>Valuation Component:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor ID</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Area Specific Signage</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Way-Finding, Parking, Interior Concourse and Interior Signage</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Scoreboard Signage</td>
<td></td>
</tr>
<tr>
<td>Sponsor ID on Calendar of Events</td>
<td></td>
</tr>
</tbody>
</table>

The calculations suggest that the successful negotiation of five “Premium” Sponsorship Agreements within the Events Center could net Sioux Falls in the range of $250,000 - $625,000 per year or a range of $6,800,000 - $16,800,000 over a 20 year period (applying an industry standard 3% annual fee escalator).
In addition to the above, there will opportunities for local area businesses, restaurants and individuals to get purchase sponsorship. Opportunities could include sponsorship of the following:

1. Paver Program
2. Trash Receptacle Program
3. Concession Partner Programs
4. Food Cart Program
5. Upgraded Seats of the Night
6. Family Rest Area
7. Children’s Play Area
8. Business Center
9. First Aid Center

**Quantitative Benefits – Luxury Suite Opportunities**

In addition to the above “Premium” sponsorship opportunities, we believe, based on our preliminary research, which will be confirmed in Task 2 of our overall agreement, that the Sioux Falls Event Center, as currently designed, could support 15-18 suites at a range of $25,000 to $37,500 per suite, per year. Industry standards are to sell suites for five, seven and even ten years. For the purposes of consistency in this report, we have used a benchmark of twenty years. As such, income related to the above over a twenty year period could range from $10,077,000 (15 suites sold at a rate of $25,000 per suite using an industry standard 3% escalator) to $18,145,000 (18 suites sold at a rate of $37,500 per suite using an industry standard 3% escalator) depending on the number of suites sold and at what price.
SECTION D

CONCLUSIONS & RECOMMENDATIONS

This report has examined the potential revenue streams available to Sioux Falls from rights agreements within four specific areas:

(a) The Events Center Title Sponsorship Naming Rights
(b) “Premium” Sponsorship Opportunities
(c) Suite Sales
(d) Additional Sponsorship with local area businesses

We believe that there is a clear opportunity for the Sioux Falls Event Center to attain significant Title Sponsorship Naming Rights, Premium Sponsorship, Suite Revenue for the new Events Center, in addition to multiple other sponsorship and seating opportunities.

A Naming Rights Agreement encompassing media, signage, map, printed material and online exposure for the buyer could be priced in a range of $350,000 to $500,000 per year and over 20 years could be worth in the range of $9,400,000 to $13,405,000 for Sioux Falls (based upon an industry standard 3% annual fee escalator). This figure is supported by the value and level of exposure available to a Title Sponsor Naming Rights Partner. Market value has also been established via benchmarking with other arena Title Sponsorship Naming Rights deals.

We also believe that the negotiation of five additional “Premium” Sponsorship Deals could net Sioux Falls in the range of $250,000 to $625,000 per year and in a range of $6,800,000 to $16,800,000 over 20 years (with an industry standard 3% annual fee escalator).

In addition, in relation to Suite Sales, we believe Sioux Falls could net in the range of $10,077,000 (15 suites x $25,000 with an industry standard 3% annual fee escalator) to $18,145,000 (18 suites x $37,500 with a 3% annual fee escalator).

There will also be additional local sponsorships with values yet to be determined.
The above detailed areas would provide the Sioux Falls Event Center an overall income range between $975,000 to $1,875,000 per year and between $26,277,000 to $48,350,000 over a 20 year period (with an industry standard 3% annual fee escalator).

<table>
<thead>
<tr>
<th>Sioux Falls Overall Income Range related to Events Center Title Sponsorship, “Premium” Sponsorships and Luxury Suites</th>
<th>Income Range (Benefit Amount Based on Twenty Year Cycle)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Events Center Title Sponsorship</td>
<td>$9,400,000-$13,405,000</td>
</tr>
<tr>
<td>“Premium” Sponsorships</td>
<td>$6,800,000-$16,800,000</td>
</tr>
<tr>
<td>Suite Sales</td>
<td>$10,077,000-$18,145,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$26,277,000-$48,350,000</td>
</tr>
</tbody>
</table>
NEXT STEPS

The next step in the development process relates to Task Two of the Naming Rights and Sponsorship Agreement which includes;

1. Developing a target list of accounts. Sources to include contacts on a local, as well as national level.
2. Develop a recommended strategy to maximize the overall revenues to be derived from Naming Rights, Pouring Rights, Signage, Suites, Premium Seating and any other marketing opportunities associated with the Events Center facility and a comprehensive estimate of the amount of revenues that can be reasonable expected.

In addition, we will need to agree on a strategic plan and timeline for the implementation of all opportunities. Superlative’s sales team would also need to agree on a priority list of companies with the City of Sioux Falls to market these opportunities. Superlative has already identified several Sioux Falls area sponsor industries whose brand awareness strategies are more apt to benefit from Naming Rights and Premium Sponsorship Opportunities.

These initial industries are as follows;

I. Health Care
II. Automotive
III. Financial Services
IV. Telecom
V. Insurance
VI. Soft Drink
VII. Beer
VIII. Manufacturing
IX. Local Service Industry